

**CONTRACT #11**  
**RFS # N/A**  
**UT Tracking # 95885**

**University of Tennessee**  
**College of Medicine**

**VENDOR:**  
**Internal Medicine**  
**Educational Foundation**



Vice President for Administration and Finance

711 Andy Holt Tower  
Knoxville, TN 37996-0174

(865) 974-2243

FAX (865) 974-1324

June 7, 2006

RECEIVED

JUN 12 2006

FISCAL REVIEW

Mr. Jim White  
Executive Director  
Fiscal Review Committee  
320 Sixth Avenue, North - 8<sup>th</sup> Floor  
Nashville, TN 37243-0057

Dear Mr. White:

The University of Tennessee is submitting a non-competitively bid contract exceeding \$250,000 for comment in accordance with Public Chapter 413, Public Acts of 2003:

**UT College of Medicine – Chattanooga Unit and Internal Medicine Educational Foundation**

The University of Tennessee Health Science Center provides residency/supervision to the Chattanooga Hamilton County Hospital Authority, dba Erlanger Health System. The university subcontracts the supervision services to other agencies. The attached contract with the Internal Medical Education Foundation (IMEF) and UT provides teaching services for residents in the Department of Internal Medicine that is necessary to fulfill our supervisory responsibilities for the Erlanger Health System. The contract before you is a five-year contract totaling \$2,702,035 that has an effective date of July 1, 2006 through June 30, 2011.

This contract represents another of the contracts entered into by the Health Science Center with various affiliated medical practice groups to provide supervision of residents training. All contracts are funded by the hospitals and remain relatively unchanged from year to year and reflect on-going activities between the university and affiliated partners. As requested by the Fiscal Review Committee in October 2005, the contract before you for consideration is in its final form with estimated liability dollars in order to have them before the Committee prior to their effective date. The amount represented is the maximum liability calculated at the present time.

Please let me know if you or others have questions or need additional information for the attached contract.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sylvia Shannon Davis".

Sylvia Shannon Davis  
Vice President for Administration and Finance

Attachment

c: Dr. John D. Petersen  
Mr. Anthony Ferrara  
Mr. Anthony Haynes  
Dr. William F. Owen, Jr.

## 021406

**Non-Competitive Negotiation** - Teaching services must be in place in time for the fiscal year beginning 7/1/2006. Teaching must be provided by faculty members, in order to assure residency accreditation and meet education requirements set forth by the Residency Review Commission. There are not a sufficient number of paid faculty in the University Department of Medicine to provide adequate teaching and the residents must have exposure to all sub-specialties in order to have a well rounded educational experience.

# REQUEST: NON-COMPETITIVE CONTRACT

APPROVED

Commissioner of Finance & Administration

Date:

Each of the request items below indicates specific information that must be individually detailed or addressed as required. A request can not be considered if information provided is incomplete, non-responsive, or does not clearly address each of the requirements individually as required.

1) RFS #	95885	
2) State Agency Name :	University of Tennessee -- College of Medicine	
3) Service Caption :		
4) Proposed Contractor :	Internal Medicine Foundation	
5) Contract Start Date : (attached explanation required if date is < 60 days after F&A receipt)	7/1/2006	
6) Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	6/30/2011	
7) Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	2,702,035.00	
8) Approval Criteria : (select one)	<input type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input checked="" type="checkbox"/> only one uniquely qualified service provider able to provide the service	
9) Description of Service to be Acquired :	Teaching services for residents in the UT Chattanooga's Department of Internal Medicine for which services are provided by clinical faculty members	
10) Explanation of the Need for or Requirement Placed on the Procuring Agency to Acquire the Service :	Teaching services must be provided by faculty members, in order to assure residency accreditation and meet educational requirements as set forth by the Residency Review Commission. There are not a sufficient number of paid faculty in the University's Department of Medicine to provide adequate teaching and the residents must have exposure to all sub-specialties in order to have a well rounded educational experience.	
11) Explanation of Whether the Procuring Agency Bought the Service in the Past, & if so, What Procurement Method It Used :	The University of Tennessee has obtained services in the previous years 2005 and 2006 from the Internal Medicine Foundation for teaching services.	
12) Name & Address of the Proposed Contractor's Principal Owner(s) : ( <u>not</u> required if proposed contractor is a state education institution)	Internal Medicine Foundation, 975 East Third Street, Box 94, Chattanooga, TN 37403, contact: Clifton R. Cleaveland, MD, President	
13) Evidence of the Proposed Contractor's Experience and Length of Experience Providing the Service :		

Founded in 1877, the Internal Medicine Foundation was created for the sole purpose of enhancing residency education in the department of internal medicine. The IMEF is a 501(c)(3) organization (<http://www.imefdn.org/main/home.php>) (TIN 58-1314402) registered as a charitable foundation in the state of TN. "Its membership" shall consist of the active faculty members of the University's Department of Medicine of the Clinical Educational Center of the University of Tennessee." For most of the history of the organization, Dr. Ylum was its President; Dr. Clifton Cleaveland has been its President for the last several years.

**14) Documentation of Office for Information Resources Endorsement:**  
(required only if the subject service involves information technology)

select one:	<input checked="" type="checkbox"/> Documentation Not Applicable to this Request	<input type="checkbox"/> Documentation Attached to this Request
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**15) Documentation of Department of Personnel Endorsement:**  
(required only if the subject service involves training for state employees)

select one:	<input checked="" type="checkbox"/> Documentation Not Applicable to this Request	<input type="checkbox"/> Documentation Attached to this Request
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**16) Documentation of State Architect Endorsement:**  
(required only if the subject service involves construction or real property related services)

select one:	<input checked="" type="checkbox"/> Documentation Not Applicable to this Request	<input type="checkbox"/> Documentation Attached to this Request
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**17) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives:**

There are not sufficient numbers of paid faculty in the University's Department of Medicine to provide adequate teaching and the residents must have exposure to all sub-specialties in order to have a well rounded educational experience. In order to obtain that, it is necessary to pay clinical faculty to perform specific teaching services.

**18) Justification of Why the State Should Use Non-Competitive Negotiation Rather Than a Competitive Process:**  
(Being the "only known" or "best" service provider to perform the service as desired will not be deemed adequate justification.)

Non-Competitive Negotiation - Teaching services must be in place in time for the fiscal year beginning 7/1/2006. Teaching must be provided by faculty members, in order to assure residency accreditation and meet education requirements set forth by the Residency Review Commission. There are not sufficient numbers of paid faculty in the University Department of Medicine to provide adequate teaching, and the residents must have exposure to all sub-specialties in order to have a well rounded educational experience. In order to obtain that, it is necessary to pay clinical faculty to perform specific teaching services.

**REQUESTING AGENCY HEAD SIGNATURE & DATE:**

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR—signature by an authorized signatory will be accepted only in documented exigent circumstances)

*William F. DeLeon, Jr.*

Agency Head Signature

Date

*6/12/06*

THE UNIVERSITY OF TENNESSEE  
CONTRACT

This Contract, made and entered into on June \_\_\_\_, 2006, documents the agreement between The University of Tennessee (the "University") through its College of Medicine, Chattanooga Unit ("UTCOM-CU") and the Internal Medicine Educational Foundation, Inc. (hereinafter Contractor).

This Contract consists of this cover page, the University's Standard Terms and Conditions, and 2 additional pages. Terms contained on this cover page and the University's Standard Terms and Conditions shall prevail over those of any attachment unless otherwise stated under "Other terms" below.

Contractor will arrange through contracts with individual physicians or physician groups, who are privileged as internists, for: (1) teaching for the following services: allergy, cardiology, consultative medicine, dermatology, geriatrics, neurology, private office, rheumatology, and attending teaching services for residents in the University Internal Medicine Residency Program; (2) "on-call" staffing for the team and night float housestaff at Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger Medical Center ("Erlanger"); and (3) certain administrative services for and on behalf of the Department of Internal Medicine (the "Department") (collectively, the "Services"). As used herein, "teaching services" shall include, but not be limited to: the supervision and teaching of residents; serving as preceptors to train and supervise residents who are participating in the specialty clinic, if applicable; training and supervision of residents who are participating in Contractor's private practice, if applicable; participation in the didactic component of resident training, as applicable; participation in resident training rounds, as applicable to rotation; and providing consults for service patients. As used herein, administrative services shall mean those services in support of the Department as agreed to between the Contractor and UTCOM-CU, such as chief resident services.

The period of performance under this contract is from July 1, 2006 through June 30, 2011.

The University will compensate the Contractor: \$40,750.00 per month of Services furnished on behalf of Contractor. Contractor shall invoice University on a retrospective basis for the first year of the contract. In subsequent years of the contract the University will compensate the Contractor monthly 1/12<sup>th</sup> of the negotiated annual amount.

Other payment terms: None. Contractor may retain its collections in accordance with past practices and the policy of the Department.

The University's maximum liability under the first year of this Contract is \$489,000.00.

The University's maximum liability under the second year of the Contract is \$513,450.00 for a total liability of \$1,002,450.00.

The University's maximum liability under the third year of the Contract is \$539,123.00 for a total liability of \$1,541,573.00.

The University's maximum liability under the fourth year of the Contract is \$566,079.00 for a total liability of \$2,107,652.00.

The University's maximum liability under the fifth year of the Contract is \$594,383.00 for a total liability of \$2,702,035.00.

Years two through five of the contract will be based on budget negotiations between the University and the Contractor but will not exceed five percent increase in any year.

Other terms (N/A if none): (1) Each physician utilized by Contractor shall hold a faculty appointment with the UTCOM-CU; (2) Contractor shall complete and return to UTCOM-CU a monthly log of teaching services per physician on the form attached hereto as **Exhibit A**, as may be updated from time to time by University, except for teaching in outpatient clinics, which shall require a monthly log of teaching hours at the outpatient clinics; (3) Each party to this Contract represents and warrants that the compensation paid pursuant to this Agreement is and shall be based upon the fair market value of such services and has not been determined in a manner that takes into account or otherwise reflects referrals to, or other business generated by, Contractor or Contractor's physicians to either UTCOM or Erlanger; (4) Contractor hereby warrants that any physician receiving compensation for the performance of services pursuant to this agreement is, and shall continue to be, compensated based upon the fair market value of services rendered by that physician and not in a manner that takes into account or otherwise reflects referrals to, or other business generated by, such physician to either the University or Erlanger; and (5) Contractor shall, and shall require any subcontractor furnishing Services on behalf of Contractor to, perform such Services in accordance with the accreditation standards of the Accreditation Council for Graduate Medical Education.

In witness of their acceptance of the terms of this Contract, the parties have had this Contract executed by their duly authorized representatives.

**FOR CONTRACTOR:**

(Signature)

Clifton R. Cleaveland, M.D.

President, Int. Med. Fdn.

Address:

Internal Medicine Educational Foundation

975 East Third St. Box 94

Chattanooga, TN 37403

(423) 778-7817

Telephone No.

TIN-581314402

SS No. Or Fed Id. No.

**FOR UNIVERSITY:**

Department Name

UT College of Medicine - Chattanooga Unit

Responsible Account:

E094505

Administrative Signatures

R.G. Blankenbaker, M.D., Assoc. Dean, Chatta. Unit

Chancellor, UT Health Science Center or Other Authorized  
University Official

## EXHIBIT A

## EHS RESIDENT SUPERVISION SCHEDULE

[Name of Attending]	[Site of Service Delivery]
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\_\_\_\_\_  
Month, Year

Day of Month	Residents Supervised on that Day
1	
2	
3	
4	
5	
6	
7	
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By signing this document, I hereby certify that I supervised and engaged in teaching activities with respect to the residents named on the days listed.

\_\_\_\_\_  
Attending Name

\_\_\_\_\_  
Date

Please return this form to University of Tennessee College of Medicine--Chattanooga Unit to the attention of Jane Clay, Business Manager.

The Department of Internal Medicine certifies that the teaching activities listed did occur and meet the educational requirements for Internal Medicine as outlined by the Residency Review Committee and the terms of the contract.

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Date

The Rest of this Form is to be completed by Erlanger Health System

I hereby certify that: (i) to the best of my knowledge, information contained in this timesheet is accurate; and (ii) the non-provider site meets the requirements necessary to allow EHS to claim the resident's FTEs in its cost reports.

Reviewed and Approved:

\_\_\_\_\_  
EHS Administrator

\_\_\_\_\_  
Date

## STANDARD TERMS AND CONDITIONS

1. The University is not bound by this Contract until it is approved by the appropriate University official(s) indicated on the signature page of this Contract.
2. This Contract may be modified only by a written amendment which has been executed and approved by the appropriate parties as indicated on the signature page of this Contract.
3. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the University.
4. Unless otherwise indicated on the reverse, if this Contract provides for reimbursement for travel, meals or lodging, such reimbursement must be made in accordance with University travel policies.
5. The Contractor warrants that no part of the total Contract amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as officer, agent, employee, subcontractor, or consultant to Contractor in connection with any work contemplated or performed relative to this Contract, and that no employee or official of the State of Tennessee holds a controlling interest in the Contractor. If the Contractor is an individual, the Contractor certifies that he/she is not presently employed by the University or any other agency or institution of the State of Tennessee; that he/she has not retired from or terminated such employment within the past six months; and that he/she will not be so employed during the term of this Contract.
6. The Contractor shall maintain documentation for all charges against the University under this Contract. The books, records and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment, and shall be subject to audit, at any reasonable time and upon reasonable notice, by the University or the Comptroller of the Treasury, or their duly appointed representatives. These records shall be maintained in accordance with generally accepted accounting principles.
7. No person on the grounds of disability, age, race, color, religion, sex, national origin, veteran status or any other classification protected by Federal and/or Tennessee State constitutional and/or statutory law shall be excluded from participation in, or be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract. The Contractor shall, upon request, show proof of such non-discrimination, and shall post in conspicuous places, available to all employees and applicants, notice of non-discrimination.
8. The Contractor, being an independent contractor, agrees to carry adequate public liability and other appropriate forms of insurance, and to pay all taxes incident to this Contract. The University shall have no liability except as specifically provided in this Contract.
9. The Contractor shall comply with all applicable Federal and State laws and regulations in the performance of this Contract.
10. This Contract shall be governed by the laws of the State of Tennessee, which provide that the University has liability coverage solely under the terms and limits of the Tennessee Claims Commission Act.
11. The Contractor shall avoid at all times any conflict of interests between his/her duties and responsibilities as a Contractor and his/her interests outside the scope of any current or future Contracts. The following principles define the general parameters of a conflict of interests prohibited by the University:
  - A. A Contractor's outside interests shall not interfere with or compromise his/her judgment and objectivity with respect to his/her duties and responsibilities to the University.
  - B. A Contractor shall not make or influence University decisions or use University resources in a manner that results in:
    - Financial gain outside any current or future Contracts for either the Contractor or his/her relatives or
    - Unfair advantage to or favored treatment for a third party outside the University.
  - C. A Contractor's outside financial interests shall not affect the design, conduct, or reporting of research.

The Contractor certifies that he/she has no conflicts of interests and has disclosed in writing the following:

  - A. Any partners or employees of the Contractor who are also employees of the University.
  - B. Any relatives of the Contractor's partners or employees who work for the University.
  - C. Any outside interest that may interfere with or compromise his/her judgment and objectivity with respect to his/her responsibilities to the University.
12. If the Contractor fails to perform properly its obligations under this Contract or violates any term of this Contract, the University shall have the right to terminate this Contract immediately and withhold payments in excess of fair compensation for completed services. The Contractor shall not be relieved of liability to the University for damages sustained by breach of this Contract by the Contractor.
13. It is understood by the Contractor that the University will possess all rights to any creations, inventions, other intellectual property, and materials, including copyright or patents in the same, which arise out of, are prepared by, or are developed in the course of the Contractor's performance under this Contract. The Contractor and the University acknowledge and agree that the Contractor's work under this Contract shall belong to the University as "work-made-for-hire" (as such term is defined in U.S. Copyright Law).